

104TH CONGRESS
1ST SESSION

S. 1164

To amend the Stevenson-Wydler Technology Innovation Act of 1980 with respect to inventions made under cooperative research and development agreements, and for other purposes.

IN THE SENATE OF THE UNITED STATES

AUGUST 10 (legislative day, JULY 10), 1995

Mr. ROCKEFELLER introduced the following bill; which was read twice and referred to the Committee on Commerce, Science, and Transportation

A BILL

To amend the Stevenson-Wydler Technology Innovation Act of 1980 with respect to inventions made under cooperative research and development agreements, and for other purposes.

1 *Be it enacted by the Senate and House of Representa-*
2 *tives of the United States of America in Congress assembled,*

3 **SECTION 1. SHORT TITLE.**

4 This Act may be cited as the “Technology Transfer
5 Improvements Act of 1995”.

6 **SEC. 2. FINDINGS.**

7 The Congress finds the following:

1 (1) Bringing technology and industrial innova-
2 tion to the marketplace is central to the economic,
3 environmental, and social well-being of the people of
4 the United States.

5 (2) The Federal Government can help United
6 States business to speed the development of new
7 products and processes by entering into cooperative
8 research and development agreements which make
9 available the assistance of Federal laboratories to
10 the private sector, but the commercialization of tech-
11 nology and industrial innovation in the United
12 States depends upon actions by business.

13 (3) The commercialization of technology and in-
14 dustrial innovation in the United States will be en-
15 hanced if companies, in return for reasonable com-
16 pensation to the Federal Government, can more eas-
17 ily obtain exclusive licenses to inventions which de-
18 velop as a result of cooperative research with sci-
19 entists employed by Federal laboratories.

20 **SEC. 3. USE OF FEDERAL TECHNOLOGY.**

21 Subparagraph (B) of section 11(e)(7) of the Steven-
22 son-Wydler Technology Innovation Act of 1980 (15 U.S.C.
23 3710(e)(7)(B)) is amended to read as follows:

24 “(B) A transfer shall be made by any Federal agency
25 under subparagraph (A), for any fiscal year, only if the

1 amount so transferred by that agency (as determined
2 under such subparagraph) would exceed \$10,000.”.

3 **SEC. 4. TITLE TO INTELLECTUAL PROPERTY ARISING**
4 **FROM COOPERATIVE RESEARCH AND DEVEL-**
5 **OPMENT AGREEMENTS.**

6 Subsection (b) of section 12 of the Stevenson-Wydler
7 Technology Innovation Act of 1980 (15 U.S.C. 3710a(b))
8 is amended to read as follows:

9 “(b) ENUMERATED AUTHORITY.—(1) Under an
10 agreement entered into pursuant to subsection (a)(1), the
11 laboratory may grant, or agree to grant in advance, to
12 a collaborating party patent licenses or assignments, or
13 options thereto, in any invention made in whole or in part
14 by a laboratory employee under the agreement, for reason-
15 able compensation when appropriate. The laboratory shall
16 ensure that the collaborating party has the option to
17 choose an exclusive license for a field of use for any such
18 invention under the agreement or, if there is more than
19 one collaborating party, that the collaborating parties are
20 offered the option to hold licensing rights that collectively
21 encompass the rights that would be held under such an
22 exclusive license by one party. In consideration for the
23 Government’s contribution under the agreement, grants
24 under this paragraph shall be subject to the following ex-
25 plicit conditions:

1 “(A) A nonexclusive, nontransferable, irrev-
2 ocable, paid-up license from the collaborating party
3 to the laboratory to practice the invention or have
4 the invention practiced throughout the world by or
5 on behalf of the Government. In the exercise of such
6 license, the Government shall not publicly disclose
7 trade secrets or commercial or financial information
8 that is privileged or confidential within the meaning
9 of section 552(b)(4) of title 5, United States Code,
10 or which would be considered as such if it had been
11 obtained from a non-Federal party.

12 “(B) If a laboratory assigns title or grants an
13 exclusive license to such an invention, the Govern-
14 ment shall retain the right—

15 “(i) to require the collaborating party to
16 grant to a responsible applicant a nonexclusive,
17 partially exclusive, or exclusive license to use
18 the invention in the applicant’s licensed field of
19 use, on terms that are reasonable under the cir-
20 cumstances; or

21 “(ii) if the collaborating party fails to
22 grant such a license, to grant the license itself.

23 “(C) The Government may exercise its right re-
24 tained under subparagraphs (B) (ii) and (iii) only if
25 the Government finds that—

1 “(i) the action is necessary to meet health
2 or safety needs that are not reasonably satisfied
3 by the collaborating party;

4 “(ii) the action is necessary to meet re-
5 quirements for public use specified by Federal
6 regulations, and such requirements are not rea-
7 sonably satisfied by the collaborating party; or

8 “(iii) the collaborating party has failed to
9 comply with an agreement containing provisions
10 described in subsection (c)(4)(B).

11 “(2) Under agreements entered into pursuant to sub-
12 section (a)(1), the laboratory shall ensure that a collabo-
13 rating party may retain title to any invention made solely
14 by its employee in exchange for normally granting the
15 Government a nonexclusive, nontransferable, irrevocable,
16 paid-up license to practice the invention or have the inven-
17 tion practiced throughout the world by or on behalf of the
18 Government for research or other Government purposes.

19 “(3) Under an agreement entered into pursuant to
20 subsection (a)(1), a laboratory may—

21 “(A) accept, retain, and use funds, personnel,
22 services, and property from a collaborating party
23 and provide personnel, services, and property to a
24 collaborating party;

1 “(B) use funds received from a collaborating
2 party in accordance with subparagraph (A) to hire
3 personnel to carry out the agreement who will not be
4 subject to full-time equivalent restrictions of the
5 agency; and

6 “(C) to the extent consistent with any applica-
7 ble agency requirements or standards of conduct,
8 permit an employee or former employee of the lab-
9 oratory to participate in an effort to commercialize
10 an invention made by the employee or former em-
11 ployee while in the employment or service of the
12 Government.

13 “(4) A collaborating party in an exclusive license in
14 any invention made under an agreement entered into pur-
15 suant to subsection (a)(1) shall have the right of enforce-
16 ment under chapter 29 of title 35, United States Code.

17 “(5) A Government-owned, contractor-operated lab-
18 oratory that enters into a cooperative research and devel-
19 opment agreement pursuant to subsection (a)(1) may use
20 or obligate royalties or other income accruing to the lab-
21 oratory under such agreement with respect to any inven-
22 tion only—

23 “(A) for payments to inventors;

24 “(B) for purposes described in clauses (i), (iii),
25 and (iv) of section 14(a)(1)(B); and

1 “(C) for scientific research and development
2 consistent with the research and development mis-
3 sions and objectives of the laboratory.”.

4 **SEC. 5. DISTRIBUTION OF INCOME FROM INTELLECTUAL**
5 **PROPERTY RECEIVED BY FEDERAL LABORA-**
6 **TORIES.**

7 Section 14 of the Stevenson-Wydler Technology Inno-
8 vation Act of 1980 (15 U.S.C. 3710c) is amended—

9 (1) by amending subsection (a)(1) to read as
10 follows:

11 “(1) Except as provided in paragraphs (2) and
12 (4), any royalties or other payments received by a
13 Federal agency from the licensing and assignment of
14 inventions under agreements entered into by Federal
15 laboratories under section 12, and from the licensing
16 of inventions of Federal laboratories under section
17 207 of title 35, United States Code, or under any
18 other provision of law, shall be retained by the agen-
19 cy whose laboratory produced the invention and shall
20 be disposed of as follows:

21 “(A)(i) The head of the agency or labora-
22 tory, or such individual’s designee, shall pay
23 each year the first \$2,000, and thereafter at
24 least 15 percent, of the royalties or other pay-
25 ments to the inventor or coinvestors.

1 “(ii) An agency or laboratory may provide
2 appropriate incentives, from royalties or other
3 payments, to employees of laboratory who con-
4 tribute substantially to the technical develop-
5 ment of licensed or assigned inventions between
6 the time that the intellectual property rights to
7 such inventions are legally asserted and the
8 time of the licensing or assigning of the inven-
9 tions.

10 “(iii) The agency or laboratory shall retain
11 the royalties and other payments received from
12 an invention until the agency or laboratory
13 makes payments to employees of a laboratory
14 under clause (i) or (ii).

15 “(B) The balance of the royalties or other
16 payments shall be transferred by the agency to
17 its laboratories, with the majority share of the
18 royalties or other payments from any invention
19 going to the laboratory where the invention oc-
20 curred. The royalties or other payments so
21 transferred to any laboratory may be used or
22 obligated by that laboratory during the fiscal
23 year in which they are received or during the
24 succeeding fiscal year—

1 “(i) to reward scientific, engineering,
2 and technical employees of the laboratory,
3 including developers of sensitive or classi-
4 fied technology, regardless of whether the
5 technology has commercial applications;

6 “(ii) to further scientific exchange
7 among the laboratories of the agency;

8 “(iii) for education and training of
9 employees consistent with the research and
10 development missions and objectives of the
11 agency or laboratory, and for other activi-
12 ties that increase the potential for transfer
13 of the technology of the laboratories of the
14 agency;

15 “(iv) for payment of expenses inciden-
16 tal to the administration and licensing of
17 intellectual property by the agency or lab-
18 oratory with respect to inventions made at
19 that laboratory, including the fees or other
20 costs for the services of other agencies,
21 persons, or organizations for intellectual
22 property management and licensing serv-
23 ices; or

24 “(v) for scientific research and devel-
25 opment consistent with the research and

1 development missions and objectives of the
2 laboratory.

3 “(C) All royalties or other payments re-
4 tained by the agency or laboratory after pay-
5 ments have been made pursuant to subpara-
6 graphs (A) and (B) that is unobligated and un-
7 expended at the end of the second fiscal year
8 succeeding the fiscal year in which the royalties
9 and other payments were received shall be paid
10 into the Treasury.”;

11 (2) in subsection (a)(2)—

12 (A) by inserting “or other payments” after
13 “royalties”; and

14 (B) by striking “for the purposes described
15 in clauses (i) through (iv) of paragraph (1)(B)
16 during that fiscal year or the succeeding fiscal
17 year” and inserting in lieu thereof “under para-
18 graph (1)(B)”;

19 (3) in subsection (a)(3), by striking “\$100,000”
20 both places it appears and inserting “\$150,000”;

21 (4) in subsection (a)(4)—

22 (A) by striking “income” each place it ap-
23 pears and inserting in lieu thereof “payments”;

24 (B) by striking “the payment of royalties
25 to inventors” in the first sentence thereof and

1 inserting in lieu thereof “payments to inven-
2 tors”;

3 (C) by striking “clause (i) of paragraph
4 (1)(B)” and inserting in lieu thereof “clause
5 (iv) of paragraph (1)(B)”;

6 (D) by striking “payment of the royalties,”
7 in the second sentence thereof and inserting in
8 lieu thereof “offsetting the payments to inven-
9 tors,”; and

10 (E) by striking “clause (i) through (iv)
11 of”; and

12 (5) by amending paragraph (1) of subsection
13 (b) to read as follows:

14 “(1) by a contractor, grantee, or participant, or
15 an employee of a contractor, grantee, or participant,
16 in an agreement or other arrangement with the
17 agency, or”.

18 **SEC. 6. EMPLOYEE ACTIVITIES.**

19 Section 15(a) of the Stevenson-Wydler Technology
20 Innovation Act of 1980 (15 U.S.C. 3710d(a)) is amend-
21 ed—

22 (1) by striking “the right of ownership to an in-
23 vention under this Act” and inserting in lieu thereof
24 “ownership of or the right of ownership to an inven-
25 tion made by a Federal employee”; and

1 (2) by inserting “obtain or” after “the Govern-
2 ment, to”.

3 **SEC. 7. AMENDMENT TO BAYH-DOLE ACT.**

4 Section 210(e) of title 35, United States Code, is
5 amended by striking “, as amended by the Federal Tech-
6 nology Transfer Act of 1986,”.

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